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Comptroller General
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United States Government Accountability Office
Washington, DC 20548

August 10, 2005

The Honorable Anthony J. Principi, Chairman
Defense Base Closure and Realignment Commission
2521 South Clark Street, Suite 600
Arlington, VA 22202

Subject: Post-Hearing Questions Related to Department of Defense Base
Realignment and Closure (BRAC) Recommendations

Dear Mr. Chairman:

On July 18, 2005, we provided testimony before the Commission regarding our July 1, 2005, report on the Department of Defense's 2005 Base Realignment and Closure selection process and recommendations. This letter responds to your request that we provide answers to follow-up questions to that testimony. Your questions, along with our responses, follow.

Questions

1. As GAO notes in its report (p. 105), most of the projected recurring savings from the closure of Submarine Base New London would come from the elimination of billets there. Some 1,500 billets would be eliminated, including 743 civilian billets, which is about 80% of the total civilian billets at the base.

Question: Is GAO satisfied that:

(i) The Navy conducted a sufficiently rigorous analysis to justify the elimination of so many billets at New London?

Answer: The Navy's rationale for eliminating civilian positions seemed reasonable at the time we completed our work for our July 1 report. However, more recent information indicates that the number of overall BRAC-related billets to be eliminated was overstated. At the time we were completing work on our July 1 report, cognizant personnel from Naval Base New London reported that they had coordinated with personnel at both Naval Station Kings Bay and Naval Station Norfolk regarding the number of civilians that would be required to support the

missions being relocated. For example, a significant number of the civilian positions being eliminated at Naval Station New London provide base operating support, and these positions are not required at the gaining installations. Navy officials stated that base operating support at Kings Bay is performed under contract and not by federal employees, and only a few positions are needed at Norfolk because of the large existing workforce that provides base operating support. The recommendation also projected eliminating 817 military positions, which include 400 medical positions. However, more recent information from the Navy's BRAC office suggests that the number of positions likely to be eliminated due to the proposed BRAC actions was overstated. Specifically, Navy officials now indicate that they had included in their BRAC calculations the elimination of 214 medical positions (35 officer and 179 enlisted) that were non-BRAC programmed reductions. Thus, the number of BRAC-related military positions that would be freed up, but not necessarily eliminated, under the BRAC proposal would be 603 rather than 817.

(ii) The information developed in the data calls was properly verified by the Naval Audit Service and at higher echelons in the chain of command of the bases involved?

Answer: GAO is satisfied that the efforts of the Naval Audit Service helped to better ensure the integrity of the data used in the BRAC process. Through extensive audits of the capacity, military value, and scenario data collected from field activities, the audit service notified the Navy of any data discrepancies for the purpose of follow-on corrective action. The Naval Audit Service visited 214 sites, one of which was New London. As noted in our July 1 report, the Naval Audit Service deemed the Navy data sufficiently reliable for use in the BRAC process. The Naval Audit Service also sought to help ensure the integrity of the overall process by selectively examining certifications of data at higher echelons in the chain of command although, in this instance, it did not specifically review higher echelon certifications for New London data.

2. On July 6th, this Commission received sworn testimony that closure of Submarine Base New London could dramatically impact submarine shipbuilding costs. In fact, John Casey, President of the nation's primary submarine contractor, General Dynamics-Electric Boat testified that New London's closure could result in additional procurement costs of up to \$50 million per year. The additional costs would come from Electric Boat's inability to deflect overhead costs to maintenance contracts it currently fulfills at the base.

Question: Did you find any evidence that the Defense Department considered these additional costs in its BRAC analysis?

Answer: We found no evidence that the Navy included these additional potential costs in its BRAC analysis.

3. GAO points out in its report (p. 103) that uncertainty remains over the Navy force structure. This is particularly true with regard to attack submarines. This uncertainty was one of the factors pointed to by GAO as perhaps warranting additional attention from this Commission.

Question: Does GAO have concerns that, in the face of such uncertainty, a decision to close a base like New London would have the effect of restricting the Navy's flexibility regarding long-term submarine requirements since we would now have only two East Coast bases to homeport, train, and maintain them?

Answer: Our work examining BRAC issues does not put us in a position to comment on the extent to which a potential closure of the New London base would affect the availability of facilities for the Navy to maintain its future fleet should conditions change. Our July 1 report pointed out that there was uncertainty as to what the Navy's future force structure will actually look like. Since then, we have seen even more uncertainty expressed over this issue, with concerns recently having been expressed by some key members of the House Armed Services Committee that the future planned size of the submarine fleet may be insufficient to handle combatant commanders' needs. Concerns have also been expressed by former senior leaders in the Navy. As a result, it may be prudent to seek additional information from the Department of Defense regarding these uncertainties—particularly as they relate to military value.

4. On June 6, the Connecticut delegation testified that the Navy's cost estimate for moving the Submarine School to Kings Bay was understated. For example, they testified that: The Navy's school construction cost of \$211 per square foot is not consistent with recent experience averaged at \$325 per square foot - a \$47M difference; the Navy did not factor in the cost of reassembling and testing the submarine trainers - a \$31 million difference; the Navy did not factor in the 20 per cent additional costs associated with building on the unstable soil of Kings Bay - a \$30 million difference; and the Navy did not consider the costs of additional family housing units.

Question: Was the GAO able to verify the accuracy of the Navy's cost estimates of moving SUBSCOL in light of these discrepancies?

Answer: We verified that the Navy used standard cost factors in the COBRA model in completing its cost analysis. The Navy used a standard factor (\$211 per square foot) to estimate military construction costs for an instruction building at Kings Bay. The Navy analysis did not consider any additional cost factor based on unstable soil conditions. The Navy analysis did include an estimate of about \$18 million to disassemble, pack, ship, and reassemble trainers based on the recent experience of moving a trainer from New London, Connecticut, to Bangor, Washington.

Given the questions that have been raised about the completeness of the Navy's cost estimates, as noted above, we completed a sensitivity analysis, assuming \$108 million (\$77 million for military construction and \$31 million for moving) in increased costs, as well as considering the impact of 214 fewer military positions being eliminated as discussed above in question 1. Our analysis showed that the 20-year net present value savings decreased from \$1.6 billion to \$1.2 billion and the payback period increased from 3 to 4 years.

We should emphasize, as noted in our July 1 report, that cost and savings estimates produced at this point using the COBRA model represent estimates based largely on standard factors and other data that are useful for comparing competing alternatives.

However, as we have pointed out in the past, the COBRA analysis does not provide budget quality data—that level of granularity comes later, as BRAC decisions are finalized and detailed implementation plans are developed.

5. No question cited.

6. Question. What do you see as the successes and opportunities missed this BRAC round in terms of advancing jointness among the services and across common support functions? Did you see any improvements in this area this time compared to prior BRAC rounds?

Answer: As noted in our July 1 report, we found that DOD's recommendations make some progress toward the goal of fostering joint activity among the military services, based on a broad definition of joint activity to include consolidation, co-location, and locating activities in proximity to one another. There are several recommendations that consolidate functions across the department, such as initial Joint Strike Fighter training and establishing two regional medical centers, one in the national capital region and another in San Antonio, Texas. There are proposals to co-locate some activities, such as moving the U.S. Third Army Headquarters to Shaw Air Force Base, South Carolina, which will co-locate the Army and Air Force components of the U.S. Central Command. The recommendations also propose consolidating transportation management, religious studies and culinary training among the military services.

As for missed opportunities, we found that in some cases the joint cross-service groups proposed scenarios that would have merged a common support function across the services, but alternatively a service solution was adopted by DOD. For example, the Headquarters and Support Activity Joint Cross-Service Group proposed to (1) consolidate civilian personnel offices under a new defense agency, and (2) co-locate all military personnel centers in San Antonio, Texas, in anticipation of a standard military personnel system being implemented across the department. However, in both cases, DOD decided to consolidate personnel centers within each service.

7. Question. While each service cannot count the savings from the drawdown of overseas force structure as part of BRAC, what is your view on reapplying these savings to the cost of executing BRAC restationing implementation costs?

Answer: As we noted in our July 1 report, DOD determined, and we agree, that the inclusion of such savings based on overseas base closures in the domestic BRAC process is not appropriate. Further, it is probably premature to attempt to consider any potential savings, for any purpose, from changes in the overseas force structure before all costs associated with those actions are fully known. At the same time, one could also argue that costs currently being included under the BRAC process for the domestic restationing of forces currently based overseas would occur regardless of BRAC.

- 8. Question. Does GAO believe that military value is enhanced and efficiencies gained with the Army running an airfield that will have the same level of training activity or more (with the addition of the 4th BCT to the 82d Airborne Division) in the future?**

Answer: We have not completed a sufficient level of work on that issue to provide a meaningful answer.

- 9. Question. Does GAO have any observations or comments on the potential loss of already existing synergies, joint culture and joint-contingency operations planning capabilities between Pope AFB and Ft Bragg, if Pope is realigned as recommended?**

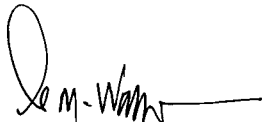
Answer: We have not completed a sufficient level of work on that issue to provide a meaningful answer.

- 10. Question. How would you assess the success of DOD's recommendations toward reducing excess capacity within the department? Do you have any observations on where DOD ended up compared with the attention given to DOD's data more than a year ago projecting excess capacity in the 25 percent range?**

Answer: As noted in our July 1 report, DOD projects that its proposed BRAC actions would reduce excess domestic infrastructure capacity by about \$27 billion, or 5 percent, as estimated in terms of plant replacement value. Two caveats to that figure need to be noted. First, the figure did not account for the projected increases in domestic military construction projects associated with relocating forces from overseas. Second, reductions in leased space are not considered in the plant replacement value analysis, since such an analysis considers only government-owned space. DOD estimates that its recommendations will reduce leased space by about 12 million square feet. Further, as you can glean from our July 1 report, each of the military services and joint cross-service groups used multiple quantitative measures to assess capacity, making it difficult to project a single cumulative value for excess capacity--either existing, proposed for elimination, or likely to remain after this BRAC round.

If you or your staff have any questions concerning this response, please contact me on (202) 512-5500, or Barry W. Holman, Director for Defense Infrastructure Issues on (202) 512-5581.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'D. M. Walker', with a horizontal line extending to the right.

David M. Walker
Comptroller General
of the United States